

## Supporting Statement

### **DISTILLERS CO-PRODUCTS SURVEY**

OMB No. 0535-0247

#### **A. JUSTIFICATION**

The goal of this NASS project is to conduct a large-scale survey to measure livestock producers' use of distiller's grains and other crops, which are nutritional co-products of distilling processes, such as ethyl alcohol (ethanol) or bio-diesel production. (NOTE: Based on feedback from this industry, the terms co-products and by-products will be used interchangeably.)

As more ethanol or biofuels are produced, there are also important co-products of the milling and/or fermentation processes: distiller's grains and distiller's crops. These distiller's co-products contain valuable protein, fiber, vitamins, and minerals and can be utilized as quality livestock feed. Many of the distiller's co-products have a higher nutrition ratio than traditional feed stocks. Distillers co-products were traditionally sold to livestock operations in the vicinity of ethanol plants. Recent improvements in the milling and drying process have allowed a large portion of the co-products to be marketed in many new regions of the U.S. Some of these products are being marketed in foreign countries. Marketing of the increasing volume of distiller's co-products to more livestock producers would generate additional sales for the distillers, contributing to plant stability and profitability.

Small-scale studies of distiller's grains were conducted in 2003 by the Iowa Department of Agriculture and Land Stewardship in partnership with the USDA/Federal-State Market Improvement Program. A status and assessment survey was conducted for each segment of the industry--ethanol producers, feed companies and marketers, and livestock feeders--to obtain data such as operation profiles, types and quantities of distillers grains, product qualities, volume of sales, pricing, storage facilities, marketing channels, plant services, transportation requirements, species fed, and feed ratios. In its summary report, which was disseminated at conferences and workshops, the Iowa Department of Agriculture and Land Stewardship noted that ethanol plants "must be able to sell their distillers grains, not just dispose of them. . . . It is an excellent product and more livestock feeders must be educated about its benefits and encouraged to make it a vital and substantial part of their feeding rations." To facilitate the marketing of distiller's grains locally, regionally, and globally, the Department concluded that: 1) The nation's livestock feeders must be surveyed and tracked; different surveys should be administered to target feeders in States with the

largest concentrations of specific species. 2) Any barriers to usage must be addressed. 3) The customer base must be expanded and the feed usage increased. 4) Distillers co-products promotions and education must be greatly expanded to match the increased levels of distiller's co-products being produced.

The 2011 Distillers Co-Products for Feed survey will contact livestock and poultry operations to determine the extent of feeding of distiller's co-products, and aspects on which producers base their decisions regarding livestock and poultry feed, such as nutrient values, product consistency, product form, inclusion rates, and economics. The probability-based survey will include beef (cow/calf and feedlot), dairy, swine, and poultry species with targeted size-of-operation criteria. The survey will be conducted in all States except Alaska and Hawaii. The survey reference date for this survey will be the calendar year of 2011. Approximately 59,000 operations will be contacted by mail in early February 2012, with a second mailing to non-respondents. In March and April telephone and personal enumeration will be used for any remaining non-respondents. The National Agricultural Statistics Service plans to publish summaries in September 2012 at the State level when possible for each livestock species. Some State level data may need to be published on regional or national level due to confidentiality rules. Many of the figures will be proportions or percentages which will allow statistical comparisons among operations not feeding distillers grains.

**1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The primary function of the National Agricultural Statistics Service (NASS) is to prepare and issue official State and national estimates of crop and livestock production, disposition, and prices, as well as specialty agriculture, environmental and economic statistics. Auxiliary services such as statistical consultation, data collection, summary tabulation, and analysis are performed for other Federal and State agencies on a reimbursable basis.

The Energy Independence and Security Act (EISA) of 2007 (Public Law 110-140) established targets for the production of biofuels in the United States. EISA specifies a minimum total amount of U.S. cellulosic and other biofuels production to reach 36 billion gallons by 2022. The Renewable Fuel Standard (RFS) passed as a part of the EISA, sets target levels for fuels produced from specific feedstock categories.

Many politicians have strongly supported the production of alternative energy sources, so America will be less dependent on foreign oil. U.S. production of

ethanol is a part of that energy strategy and the passage of the Renewable Fuels Standard by Congress will assure the ethanol industry's continued expansion. As more ethanol is produced, there is also more of an important by-product of the corn ethanol dry mill process: distiller's grains. These distillers' grains contain valuable protein, fiber, vitamins, and minerals and can replace corn and protein in livestock rations. Former Secretary of Agriculture and current Senator Johanns, then Governor of Nebraska, said in July 2002, "We must develop other markets for ethanol and its co-products. As all ethanol producers can tell you, markets for the co-products help make the plant profitable." Distiller's grains are now sold mainly to livestock operations in the immediate vicinity of ethanol plants. Marketing of the increasingly large volume of distiller's grains to more livestock producers at higher feed ratios would generate more sales, contributing to plant stability and profitability.

According to the Renewable Fuels Association (RFA) report (May10, 2011), America's ethanol producers supplied nearly 35 million metric tons (mmt) of livestock feed in the 2009/2010 marketing year (the agricultural marketing year is from September 1 to August 31 of the following year).

General authority for these data collection activities is granted under U.S. Code, Title 7, Section 2204.

**2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

Within the farming sector, the data collected by this survey will benefit livestock and poultry producers, feed manufacturers, and field crop producers. This data will also be very useful to ethanol and bio-diesel producers as well as distillers. Determining whether and how the different types of livestock producers are utilizing distiller's co-products will identify usage patterns and preferences and lead to more efficient marketing and orderly growth. The data collected by this survey will help to promote the use of co-products that are now disposed of instead of being fully utilized by farmers as an animal feed source. The data collected by this survey will also provide valuable information that will help to bring stability to this sector of the energy industry. The Energy Independence and Security Act (EISA) of 2007 established targets for the production of biofuels in the United States. EISA specifies a minimum total amount of U.S. cellulosic and other biofuels production to reach 36 billion gallons by 2022. The Renewable Fuel Standard (RFS) passed as a part of the EISA, sets target levels for fuels produced from specific feedstock categories.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

Nearly all of NASS information collections have been converted to Web-based data collection, what NASS calls electronic data reporting or EDR. A small number are impractical or otherwise unsuitable. A questionnaire repository system has been built which enables simultaneous creation of comparable paper and Web survey instruments for each survey. Included in the publicity materials sent out to the respondents with the questionnaire will be instructions for the respondent to follow in accessing the EDR questionnaire, along with their secure password to be used in accessing their questionnaire.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

NASS cooperates with other agencies in the Department of Agriculture, State and local governments, State departments of agriculture, and land grant universities to conduct agricultural surveys. This cooperation provides information meeting both State and federal needs, thus minimizing duplication and reporting burden on the agricultural industry. NASS takes every precaution to ensure that respondents are not visited or interviewed unnecessarily.

Research found that no comparable national survey has been conducted or information published that identified the usages and barriers in the distiller's industry. Representatives of private, public, academic, and governmental associations and agencies were consulted. The closest to our proposed survey was the 2006 Distillers Grains survey. Approximately 9,400 livestock operations in Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin were contacted in February 2007. The findings were published in the Ethanol Co-Products Used for Livestock Feed, released June 29, 2007.

Prior to this, in 2003 the Distillers Grains Survey of Livestock Producers was conducted by the Iowa field office of the National Agricultural Statistics Service. This survey was only completed in two states, Iowa and Minnesota. Following the survey, a final report was issued that stated in the conclusions that (1) "We must intensify efforts to survey the industry and track its activities" and (2) "We must address the barriers that present challenges to the industry."

**5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.**

The information requested can be provided with a minimum of difficulty from normal operating records. The smallest producers will be excluded from the sampling population--those with fewer than 10 head of beef cattle, 50 head of cattle on feed, 20 head of dairy cattle, 25 head of hogs, or poultry operations with less than 1,000 birds.

**6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

The Energy Independence and Security Act (EISA) of 2007 established targets for the production of biofuels in the United States. EISA specifies a minimum total amount of U.S. cellulosic and other biofuels production to reach 36 billion gallons by 2022. The Renewable Fuel Standard (RFS) passed as a part of the EISA, sets target levels for fuels produced from specific feedstock categories. As more ethanol or biofuels are produced, there are also important co-products of the milling and/or fermentation processes: distiller's grains and distillers crops. These distillers' co-products contain valuable protein, fiber, vitamins, and minerals and can be utilized as quality livestock feed. Many of the distiller's co-products have a higher nutrition ratio than traditional feed stocks. Distillers co-products were traditionally sold to livestock operations in the vicinity of ethanol plants. Recent improvements in the milling and drying process have allowed a large portion of the co-products to be marketed in many new regions of the U.S. Some of these products are being marketed in foreign countries. Currently this survey is scheduled to be conducted once every five years. The survey is designed to update and improve the usage of distillers grains from the data collected in 2007 for the reference period of 2006.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with the general information guidelines in 5 CFR 1320.5.**

There are no special circumstances associated with this information collection.

- 8. Provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8 (d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments.**

The Federal Register Notice soliciting comments was published on January 27, 2011, on pages 4,862 – 4,864. There were twelve public comments received. The comments cover a very wide variety of topics. The comments and any responses made to the senders are attached in the ROCIS submission system.

**Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

From the initial development of the survey proposal there have been continued conversations and support from many different academic, commodities, and governmental associations and those involved in the allied industries that support ethanol production, distiller's grains, and co-product usage. Organizations that are assisting us include the National Corn Growers Association, Distillers Grains Technology Council, Renewable Fuels Association, the University of Nebraska, and the Nebraska Corn Board. We have also received input from nutritionists and marketers within the ethanol industry. The National Agricultural Statistics Service, in Washington DC is responsible for developing the survey design and creation of a statistically defensible methodology. Working with this broad cross section of the industry has ensured that the data that we will be collecting is valuable and can be utilized for the goals of our project.

- 9. Explain any decision to provide any payment or gift to respondents.**

There are no payments or gifts to respondents.

- 10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

Questionnaires include a statement that individual reports are kept confidential. U.S. Code Title 18, Section 1905 and U.S. Code Title 7, Section 2276 provide for the confidentiality of reported information. All employees of NASS and all enumerators hired and supervised under a cooperative agreement with the National Association of State Departments of Agriculture (NASDA) must read the regulations and sign a statement of compliance

Additionally, NASS and NASS contractors comply with OMB Implementation Guidance, "Implementation Guidance for Title V of the E-Government Act, Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA), (Public Law 107-347). CIPSEA supports NASS' pledge of confidentiality to all respondents and facilitates the agency's efforts to reduce burden by supporting statistical activities of collaborative agencies through designation of NASS agents; subject to the limitations and penalties described in CIPSEA.

- 11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.**

There are no questions of a sensitive nature.

- 12. Provide estimates of the hour burden of the collection of information. The statement should indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.**

Total hours of burden, is based on calculations in the table below. The average completion times for the questionnaires are based on cognitive testing conducted during the development of the questionnaire. This allows time for the respondent to reference normal operating records, if needed, and to complete all of the relevant questions for their operation.

Cost to the public for completing the questionnaire is assumed to be comparable to the hourly rate of those requesting the data. Reporting time of 23,386 hours is multiplied by \$24 per hour, for a total cost to the public of \$561,264.

Survey	Estimated	Freq	Estimated Responses				Non-response				Total
	Sample		Resp. Count	Freq x Count	Min./ Resp.	Burden Hours	Nonresp Count	Freq. x Count	Min./ Nonr	Burden Hours	Burden
	Size										Hours *
Distiller's Co-Products Survey (first mailing)	59,000	1.00	17,700	17,700	20	5,900	41,300	41,300	2	1,377	7,277
Distiller's Co-Products Survey (second mailing)	41,300	1.00	12,390	12,390	20	4,130	28,910	28,910	2	964	5,094
Distiller's Co-Products Survey (follow up enumeration)	28,910	1.00	17,346	17,346	20	5,782	11,564	11,564	2	385	6,167
Publicity Materials mailed with first and second mailings	100,300	1.00	30,090	30,090	5	2,508	70,210	70,210	2	2,340	4,848
<b>Totals</b>	<b>59,000</b>		<b>47,436</b>	<b>47,436</b>		<b>18,320</b>	<b>81,774</b>	<b>81,774</b>		<b>5,066</b>	<b>23,386</b>
<b>Sample Sizes</b>			<b>47,436</b>				<b>11,564</b>				

\* Total burden is for the calendar year 2012. This survey will only be conducted once under this approval. This survey is to be conducted once every five years.

**13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.**

There are no capital/start-up or ongoing operation/maintenance costs associated with this information collection.

**14. Provide estimates of annualized cost to the Federal government; provide a description of the method used to estimate cost which should include quantification of hours, operational expenses, and any other expense that would not have been incurred without this collection of information.**

The cost to the Federal government for the Distillers Co-Products Program is expected to total \$1.6 million. NASS was appropriated funding to develop a bio-energy data series. The co-products survey is a part of that program.

**15. Explain the reasons for any program changes or adjustments reported (reasons for changes in burden).**

This is a reinstatement of a docket that was retired in 2009. The original survey was conducted in 2007 for the reference period of 2006 and included only 12 States. This reinstatement docket is for a survey that will be conducted in all States except for Alaska and Hawaii.

**16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

The data gathered from the returned paper questionnaires and follow-up telephone calls will be edited, analyzed, and summarized by the National Agricultural Statistics Service. NASS will produce a report which will be released to the public.

**Distillers Grains Proposed Survey Schedule**

Survey design.....	December 2010 – June 2011
Questionnaire design.....	January 2011 – October 2011
Federal Register Notice publication...	January 27, 2011
Initial testing of questionnaire (20)...	May 2011
Docket submission to OCIO.....	May, 2011
Docket submission to OMB.....	June, 2011
OMB approval w/control number.....	September, 2011
Printing of questionnaires.....	October - December 2011
Edit and summary coding.....	October - December 2011

Sample selection.....	by November 2011
Questionnaire mail-out.....	February, 2012
Second request mail-out.....	February, 2012
Telephone and Field follow-up.....	March – April, 2012
Key and edit data.....	March - April 2012
Summarization and analysis.....	April - May 2012
Final report and news releases.....	September, 2012

The release from the 2006 survey can be found at:

[http://usda.mannlib.cornell.edu/usda/nass/EthFeed//2000s/2007/EthFeed-06-29-2007\\_revision.pdf](http://usda.mannlib.cornell.edu/usda/nass/EthFeed//2000s/2007/EthFeed-06-29-2007_revision.pdf)

- 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

There is no request for approval of non-display of the expiration date.

- 18. Explain each exception to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions” of OMB Form 83-I.**

There are no exceptions to the certification statement.

June 2011